Bond Case Briefs

Municipal Finance Law Since 1971

California Shouldn’t Waste a PG&E Bankruptcy.

This is a chance a make its power system safe, efficient and sustainable.

It’s rare for a utility to go bankrupt, especially twice. For PG&E Corp., which may enter Chapter 11 by the end of the month, there are compelling reasons to do it anyway — and not just for the utility itself.

PG&E, facing perhaps $30 billion or more of claims and penalties, has started the clock ticking even before the last of its cash runs out. One look at its stock — trading at a princely 0.17 times book value — tells you it has lost the confidence of public markets. That rather undercuts the whole point of being an investor-owned utility.

Clearing the uncertainty hanging over the company begins with consolidating the litany of claims against it into a known quantity and dealing with them expeditiously. As Luckey McDowell, a partner at Baker Botts LLP specializing in corporate restructurings, puts it, a bankruptcy court gets you to a point where “You can say, ‘This is the number,’ and then you can craft a solution around that number.”

Continue reading.

Bloomberg Politics & Policy

By Liam Denning

January 17, 2019, 6:45 AM MST